

Please add the following new claim:

29
--36. The method for issuing a guarantee certificate of claim 15, wherein the at least one payment comes from funds other than the payments triggered by the certain default-related events involving the loans in the reference pool.--

REMARKS

In reply to the Office Action dated October 29, 2002, Applicants have amended claims 8, 11, 15, 18-20, 22-26, 28, 30-32, and 34 to more appropriately claim the invention and expressly recite features that are inherent in the words of the original claims, added new claim 36, and canceled claims 1-4, 13, and 14 without prejudice or disclaimer of their subject matter. A copy of the amended claims, with changes indicated, are attached as Appendix A. Claims 5-12 and 16-36 are currently pending.

In the Office Action, the Examiner rejected claims 1-35 under 35 U.S.C. 102(e) as being anticipated by U.S. Patent No. 6,167,384 to Graff ("*Graff*"). Applicants traverse.

35 U.S.C. § 102(e) Rejections

In order to properly anticipate claims 1-35 under 35 U.S.C. § 102(e), *Graff* must disclose each and every feature recited in the claims. See M.P.E.P. § 2131 (7th ed. 1998). If *Graff*, however, fails to expressly set forth a particular limitation, then the Examiner must show that this limitation is inherently disclosed to substantiate an anticipation rejection. See *In re Robertson*, 169 F.3d 743, 745 (Fed. Cir. 1999). To establish inherency, the Examiner must specifically identify extrinsic evidence that makes clear to one skilled in the art that the missing limitation "is necessarily present" in

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the *Graff* disclosure. See *id.*; see also *Continental Can Co. v. Monsanto Co.*, 948 F.2d 1264, 1269 (Fed. Cir. 1991). Under M.P.E.P. § 2117, “[t]he examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teaching of the applied prior art.” Because *Graff* does not disclose each and every feature recited in the claims, the section 102(e) rejection is improper.

Graff Does Not Teach All the Recited Features of Claim 5

Claim 5 recites a memory for storing data for access by a process being executed by a processor. The memory comprises a structure representing a guarantee against loan default reflecting an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party, wherein the structure indicates that the guarantee is held by a third party in a form decoupled from the loan such that the guarantee can be conveyed independently of the loan.

Graff, however, does not teach each of these recited features. Instead, *Graff* teaches decomposing, based on temporal factors, a real property interest into at least two components having different characteristics, and selling the components to investors as financial products. (See, e.g., abstract; col. 2, line 44 - col. 4, line 19; fig. 1.) More specifically, *Graff* teaches dividing a leased property into an estate for years component that entitles the holder to the property’s lease income (rent) for a term of years, and a remainder equity interest component that generally entitles the holder to all the property’s interests after the estate for years term expires. (See, e.g., col. 2, line 54 - col. 3, line 16; fig. 1.)

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Graff also teaches that the remainder equity interest component may be further divided one of two ways. For one, the remainder interest component may be divided into a preferred equity interest and a residual equity interest. (Col. 5, lines 34-67.) The preferred equity interest carries residual value insurance against the risk of a decline in the property value below a specified price (e.g., due to a soft real estate market) at a specific time in the future (e.g., the end of estate for years term). (Id.) For example, if needed, the holder of a preferred equity interest may (if needed) receive an insurance payment to make up the difference between the property's market price and some specified price when the estate for years ends; otherwise, the holder would receive no insurance payment. The residual equity interest, on the other hand, carries no such insurance and hence more risk. (Id.)

As the second equity interest division, *Graff* teaches that the remainder equity interest component may be divided into a primary equity interest and a secondary equity interest. (Col. 6, lines 1-52.) The primary equity interest in the remainder interest component is a property interest in the remainder subject to a condition subsequent. (Id.) That is, part or all of the interest can be taken away if a contingent event occurs, which *Graff* teaches as lessee default during the estate for years term. The secondary equity interest in the remainder interest component is a property interest in the remainder subject to a condition precedent. (Id.) That is, the secondary equity interest comes into being only if a contingent event occurs. (Id.) For example, the holder of a secondary equity interest would get an legal interest in the real property (not a payment) after the estate for years expired if the lessee defaulted on lease payments during the estate for years term; otherwise, the holder would get nothing.

Graff does not teach at least the feature “a guarantee against loan default reflecting an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party,” as recited in claim 5. *Graff* teaches nothing related to loans and loan default. Instead, *Graff* teaches insurance against a drop in property market value and a secondary property interest contingent on lessee default. (Col. 5, line 34 - col. 6, line 51.) *Graff*’s disclosed insurance against a drop in property market value is not related to a loan default and is not triggered by default-related events involving a loan to a second party as recited in claim 5, because it is triggered by the property’s market value, not a loan-related event, and because there is no first party obligated under a loan to a second party--*Graff*’s disclosed insurance payments are entirely self-contained, coming from the same underlying property that the insuree has a property interest in. Furthermore, *Graff*’s disclosed contingent property interest is also not related to a loan default as recited in claim 5, because it is based on a lease not a loan. *Graff*’s disclosed contingent property interest is not triggered by default-related events involving a loan as recited in claim 5 because it is triggered by a lease default. Indeed, *Graff* does not disclose a payment of any sort as recited in claim 5. because the contingent interest owner gets a legal right to the property, not a payment.

Furthermore, in the Office Action, the Examiner made no argument or citation to directly demonstrate that *Graff* teaches “a structure representing a guarantee against loan default reflecting an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party,” as recited in claim 5. Instead, the Examiner asserted that *Graff* discloses the recited features of claim 1 and

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then rejected claim 5 based on the Examiner's interpretation of what *Graff* teaches, as follows: "The financial instrument is interpreted to include a guarantee against loan default, the events are interpreted to include default-related events involving loans, and the payment obligations are interpreted to include loan payments." (Office Action mailed October 29, 2002 ("OA"), page 3.) The Examiner provided no basis in fact, support, technical reason, or evidence for these interpretations, either from *Graff*, the knowledge of one skilled in the art, or otherwise. Applicants are entitled to know the Examiner's basis. But more importantly, as just explained above, *Graff* does not disclose all the recited features of claim 5, including the features that the Examiner interpreted *Graff* as teaching.

For at least the foregoing reasons, *Graff* fails to disclose each and every element recited in independent claim 5, and thus claim 5 is allowable over *Graff*. Applicants further submit that claims 6 and 7, which depend directly from claim 5, are also allowable for at least the foregoing reasons. Accordingly, Applicants respectfully request the Examiner to withdraw the 35 U.S.C. § 102(e) rejections of claims 5-7.

Graff Does Not Teach All the Recited Features of Claim 6

Claim 6 depends from claim 5 and recites the memory of claim 5, further comprising a database for holding information related to the loan, including a current status for a triggering event involving a loan.

In addition to the foregoing features of claim 5 explained above, *Graff* also does not teach all the recited features of claim 6. Instead, *Graff* teaches stored data files 32 that stores the input and output from previous runs of the Logic Means 30. (See, e.g.,

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col. 27, lines 54-59; fig. 2.) The stored input and output includes the estate for years purchase price, the remainder purchase price, and various other financial data. (See, e.g., col. 26, line 49 - col. 27, line 33; fig. 4.) Specimen 1 discloses in detail the stored input and output parameters of the *Graff* system. (Col. 53 - col. 60.)

The stored output does not include any information about loans, so *Graff* does not teach the feature of "a database for holding information related to the loan, including a current status for a triggering event involving a loan," as recited in claim 6. (See Specimen 1, col. 53 - col. 60.) *Graff* teaches nothing related to loan information or triggering events involving a loan.

In the Office Action, the Examiner cited to Figure 2 of *Graff* apparently for support of the rejection of claim 6. Figure 2, however, and the portions of the specification describing it, disclose only that data files 32 may be stored by the system. (See, e.g., col. 22, line 63 - col. 23, line 4; col. 28, lines 30-34; fig. 2.) The Examiner also cited to col. 27, lines 55-65 of *Graff* apparently for support of the rejection of claim 6. This cited section, however, merely teaches that a user may retrieve a stored data file 32 that was output from a previous run of the Logic Means 30.¹ *Graff* makes no mention of loan information or triggering events involving a loan, as recited in claim 6. In addition, as discussed above, Specimen 1 of *Graff* (col. 53 - col. 60) shows that neither loan information nor triggering events involving a loan are stored by the *Graff* system.

¹ The Title Screen 42 leads to a Menu 44 screen created by Computer System 12 to query the user as to whether the user wants to retrieve one of the Data Files 32 stored from a previous run of the Logic Means 30 that the user saved in Memory System 28 or to create a new data file to become a new one of the stored Data Files 32. If the user makes a menu selection indicating that the Logic Means 30 should retrieve one of the stored Data Files 32, the Logic Means 30 asks on a Retrieve Stored Data File Screen 46 for the name and directory of the selected Data File 32. Block 48 performs the function of recalling the appropriate one of Data File 32. (Col. 27, lines 54-65.)

Furthermore, in the Office Action, the Examiner made no argument or citation to directly demonstrate that *Graff* teaches “a database for holding information related to the loan, including a current status for a triggering event involving a loan,” as recited in claim 6. Instead, the Examiner repeated the rejection of the recited features of claim 4 and then rejected claim 6 based on an interpretation of *Graff*’s disclosure as follows: “The payment obligation is interpreted to include a loan and the data for performing the appropriate function is interpreted to include data indicating current status for a triggering event associated with a loan.” (OA, page 4.) The Examiner provided no basis in fact, technical reasons, or support for these interpretations, either from *Graff*, the knowledge of one skilled in the art, or otherwise. Applicants are entitled to know the Examiner’s basis. Regardless, however, *Graff* does not disclose all the recited features of claim 6, as explained above, including the features that the Examiner interpreted *Graff* as teaching.

For at least the foregoing reasons, *Graff* fails to disclose each and every element recited in claim 6, and thus claim 6 is allowable over *Graff*. Accordingly, Applicants respectfully request the Examiner to withdraw the 35 U.S.C. § 102(e) rejection of claim 6.

Graff Does Not Teach All the Recited Features of Claim 8

Claim 8 recites a method for issuing a guarantee certificate, which is a financial instrument representing an obligation of a first party to make a payment triggered by certain events associated with the payment obligation to a second party. The method of

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issuing a guarantee certificate includes, among other things, the step of pooling, into a reference pool, instruments representing payment obligations.

Graff, however, teaches nothing about pooling payment-obligation instruments into a reference pool, as recited in claim 8. Instead, *Graff* teaches decomposing a property interest into at least two components having different characteristics based on temporal factors and selling the components to investors as separate financial products. (See, e.g., abstract; col. 2, line 44 - col. 4, line 19; fig. 1.) *Graff* teaches decomposition of a single piece of property, either real property or personal property. (Id.) *Graff* teaches that the property seller issues a deed (for real property) or bill of sale (for personal property) for the term of years interest to the entity acquiring title to the term of years component. (Col. 15, lines 36-65.) The property seller also issues a deed (for real property) or bill of sale (for personal property) for the remainder interest to the entity acquiring title to the remainder component. (Id.)

Thus, *Graff* discloses issuing investment deeds or bills of sale to a single property (real or personal), not issuing a guarantee certificate based on a reference pool of instruments representing payment obligations, as recited in claim 8. *Graff*'s deed or bill of sale is not a guarantee certificate as recited in claim 8 because it is not based on a reference pool of instruments. *Graff*'s single real property or single personal property does not teach pooling into a reference pool as recited in claim 8 because there is only one property. *Graff* simply does not disclose the formation of a reference pool in issuing a guarantee certificate.

In the Office Action, the Examiner cited to column 5, line 1 - column 6, line 52 of *Graff* for support of the rejection of claim 8. (OA page 4.) This portion of *Graff*,

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however, is inapposite. Specifically, *Graff* at column 5, lines 1-33 teaches that an entity such as a corporation or trust can be used to own a component property interest and that investors can purchase fractions of the interest by purchasing shares in the entity. *Graff* at column 5, lines 34-67 teaches that residual value insurance can protect against a decline in the remainder value at the end of the estate for years term and can be used to form a preferred equity interest and a residual equity interest. *Graff* at column 6, lines 1-51 teaches that an equity interest contingent on lessee default can be beneficial to the estate for years interest holder. Thus, the portion of *Graff* cited by the Examiner for support of the rejection makes no mention of issuing a guarantee certificate as recited in claim 8, or issuing anything for that matter. The portion of *Graff* cited by the Examiner for support of the rejection also makes no mention of pooling into a reference pool instruments representing payment obligations as recited in claim 8, or of pooling anything for that matter. As just explained, *Graff* simply does not teach all the recited features of claim 8, including the features that the Examiner interpreted *Graff* as teaching.

For at least the foregoing reasons, *Graff* fails to disclose each and every element recited in independent claim 8, and thus claim 8 is allowable over *Graff*. Applicants further submit that claims 9 and 10, which depend directly from claim 8, are also allowable for at least the foregoing reasons. Accordingly, Applicants respectfully request the Examiner to withdraw the 35 U.S.C. § 102(e) rejections of claims 8-10.

Graff Does Not Teach All the Recited Features of Claim 11

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Claim 11 recites a method for issuing a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party. The method of issuing a guarantee certificate includes, among other things, pooling securitized loans into a reference pool.

As explained just above with respect to claim 8, *Graff*, however, teaches nothing about pooling anything into a reference pool, including pooling securitized loans as recited in claim 11. Moreover, as explained above with respect to claim 5, *Graff* also teaches nothing about loans, an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party, or securitized loans, all of which are features recited in claim 11.

Just as for claim 8, in the Office Action, the Examiner cited to column 5, line 1 - column 6, line 52 of *Graff* for support of the rejection of claim 11. (OA page 5.) As explained just above with respect to claim 8, this portion of *Graff* does not mention anything about issuing a financial instrument. Columns 5 and 6 make no mention of issuing a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party, or of the step of pooling securitized loans into a reference pool, as recited in claim 11. And, in fact, *Graff* does not teach these recited features.

Instead, *Graff* teaches creating separate legal documents for decomposed property interests, not for loans or loan-default-related payment obligations, as recited in claim 11. (See, e.g., abstract, fig. 1, col. 2, line 53 - col. 4, line 15.) *Graff* teaches issuing documents (deeds or bills of sale) on the component interests in a single

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property interest, not a pool of securitized loans, as recited in claim 11. (See, e.g., col. 15, lines 36-65.)

As with other claims, the Examiner made no argument or citation to directly demonstrate that *Graff* teaches “an obligation of a first party to make payments triggered by certain default-related events involving a loan” or “pooling securitized loans into a reference pool,” as recited in claim 11. Instead, the Examiner interpreted *Graff* as disclosing these features and rejected claim 11 as follows: “The financial instruments are interpreted to include guarantee certificates, the events are interpreted to include default-related events involving loans, the pool of securitized instruments is interpreted to include a reference pool of loans and the payment obligations are interpreted to include loan payments.” (OA, page 5.)

There are at least two problems with this rejection. First, the Examiner provided no basis in fact, technical reasons, or support for these interpretations, either from *Graff*, the knowledge of one skilled in the art, or otherwise. Applicants are entitled to know the Examiner’s basis. Second, “loan payments,” which the Examiner interpreted *Graff* to disclose are not a feature recited in claim 11. Loan payments are not “triggered by certain default-related events,” as recited in claim 11. Typically, it is the cessation or delinquency of loan payments that creates a default-related event. Regardless, however, *Graff* does not disclose all the recited features of claim 11 as just explained, including the features that the Examiner interpreted *Graff* as teaching.

For at least the foregoing reasons, *Graff* fails to disclose each and every element recited in independent claim 11, and thus claim 11 is allowable over *Graff*. Applicants further submit that claim 12, which depends directly from claim 11, is also allowable for

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at least the foregoing reasons. Accordingly, Applicants respectfully request the Examiner to withdraw the 35 U.S.C. § 102(e) rejections of claims 11 and 12.

Graff Does Not Teach All the Recited Features of Claim 15

Claim 15 recites a method for issuing a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party. The method of issuing a guarantee certificate includes, among other things, pooling loans into a reference pool.

As explained above with respect to claims 8 and 11, *Graff*, however, teaches nothing about pooling anything into a reference pool, including pooling loans into a reference pool as recited in claim 15. Moreover, as explained above with respect to claims 5 and 11, *Graff* teaches nothing at all about loans to a second party, or about an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party, as recited in claim 15.

Just as for claims 8 and 11, in the Office Action, the Examiner cited to column 5, line 1 - column 6, line 52 of *Graff* for support of the rejection of claim 15. (OA page 6.) As explained above with respect to claims 8 and 11, this portion of *Graff* makes no mention of issuing a guarantee certificate, or of pooling loans into a reference pool, as recited in claim 15. And, indeed, no portion of *Graff* teaches these recited features.

Instead, *Graff* teaches creating legal documents evidencing estates in decomposed property interests, not on loans or loan-default-related payment obligations, as recited in claim 15. (See, e.g., abstract, fig. 1, col. 2, line 53 - col. 4, line

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15.) *Graff* teaches issuing legal documents (deeds or bills of sale) on the component interests in a single property interest, not on a pool of loans or the default-related payment obligations associated with the loans, as recited in claim 15. (See, e.g., col. 15, lines 36-65.)

Again as with other claims, the Examiner made no argument or citation to directly demonstrate that *Graff* teaches “an obligation of a first party to make payments triggered by certain default-related events involving a loan” or “pooling loans into a reference pool,” as recited in claim 15. Instead, the Examiner interpreted *Graff* as disclosing these features as follows: “The financial instruments are interpreted to include guarantee certificates, the events are interpreted to include default-related events involving loans to a second party, the pool of instruments is interpreted to include a reference pool of loans and the preferred/residual decompositions of remainder interests are interpreted to include a payout formula.” (OA, page 6.) The Examiner, however, provided no basis in fact, technical reason, or support for these interpretations, either from *Graff*, the knowledge of one skilled in the art, or otherwise. Applicants are entitled to know the Examiner’s basis. Regardless, however, the fact remains that *Graff* does not disclose all the recited features of claim 15, as just explained, including the features that the Examiner interpreted *Graff* as showing.

For at least the foregoing reasons, *Graff* fails to disclose each and every element recited in independent claim 15, and thus claim 15 is allowable over *Graff*. Applicants further submit that claims 16, 17, and new claim 36, which depend directly from claim 15, are also allowable for at least the foregoing reasons. Accordingly, Applicants

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respectfully request the Examiner to withdraw the 35 U.S.C. § 102(e) rejections of claims 15-17.

Graff Does Not Teach All the Recited Features of Claim 17

Claim 17 depends from claim 15 and recites determining a payout formula, including modeling a separate loan pool to determine the payout formula.

As explained above, *Graff*, however, teaches nothing about loans or loan pools. It also teaches nothing about modeling a separate loan pool to determine the payout formula as recited in claim 17.

The Examiner cited Figure 2 as teaching the features recited in claim 17. (OA page 6.) Applicants respectfully disagree. *Graff*'s figure 2 discloses a computer system with a stored model financial document for an augmented estate for years 36 and a stored model financial document for a complementary remainder component 38. *Graff* teaches that these stored model documents are word processor text files. (Col. 23, lines 5-31.) A user can edit these model text files and print them out to create the legal documents needed to create the decomposed property interests and entities that are the subject of *Graff*. (Id.) As examples of the model financial document for the augmented estate for years, *Graff* teaches that the model documents may include an organizational document, a disclosure document for securities law purposes, or a real estate component document. (Id.; Specimen 3, cols. 67-88.) As examples of the model financial document for the complementary remainder component, *Graff* teaches that the model documents may include an organizational document, a real estate component document, or a disclosure document for securities law purposes for the securitized

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remainder real estate component. (Id.; Specimen 4, cols. 89-110.) *Graff's* fill-in-the-blank model legal documents for word-processor editing do not teach modeling a separate loan pool to determine the payout formula as recited in claim 17 because a legal document has nothing to do with modeling anything and nothing to do with determining a payout formula.²

In the Office Action, the Examiner also cited column 25, line 62 - column 27, line 30, alleging that *Graff* teaches the features of claim 17. (OA page 6.) Applicants again respectfully disagree. This portion of *Graff* describes the inputs needed (e.g., net cash flows, term of estate for years, discount rate, Treasury bond rate, etc.) to compute a purchase price of the estate for years and remainder components. (Col. 25, line 62 - col. 26, line 48.) This portion also describes the outputs of *Graff's* financial analysis (e.g., price of the estate for years component, price of the remainder component) and how the Logic Means 30 computes the outputs. (Col. 26, line 49 - col. 27, line 33.) The cited portion of *Graff* makes no mention whatsoever of modeling a separate loan pool to determine the payout formula, as recited in claim 17. And, indeed, no portion of *Graff* teaches these recited features.

For at least the foregoing reasons, *Graff* fails to disclose each and every element recited in independent claim 17, and thus claim 17 is allowable over *Graff*. Accordingly, Applicants respectfully request the Examiner to withdraw the 35 U.S.C. § 102(e) rejection of claim 17.

Graff Does Not Teach All the Recited Features of Claims 18, 24, and 30

² See application page 19 for a description of an embodiment that models a separate loan pool.

Claim 18, as amended, recites a method for administering a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments triggered by a default-related event involving a loan to a second party, including, among others, the step of determining when the triggering loan-default-related event has occurred.

As explained above with respect to claims 5, 11, and 15, *Graff* teaches nothing about loans, an obligation to make payments triggered by a default-related event involving a loan to a second party, or determining when the triggering loan-default-related event has occurred, as recited in claim 18. Instead, *Graff* teaches a contingent property interest that becomes unconditional if a lessee defaults on rent payments (col. 6, lines 1-51), and residual value insurance that protects against a decline in residual property value below a specified market value at a specified time, such as the end of the lease term or estate for years term (col. 5, lines 34-67). *Graff*'s disclosure of removing the contingency from a property interest if a lessee defaults on a lease does not teach an obligation to make payments triggered by a default-related event involving a loan to a second party as recited in claim 18 because there is no payment or loan involved. *Graff*'s disclosure of a lessee default on a lease does not teach determining when the triggering loan-default-related event has occurred as recited in claim 18 because there is no loan involved. *Graff*'s disclosure of residual value insurance does not teach a payment obligation triggered by a default-related event involving a loan to a second party as recited in claim 18 because payment is triggered by the property's real estate market value, not a loan-default-related event. And, *Graff*'s disclosure of residual value insurance does not teach determining when a triggering loan-default-related event

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has occurred as recited in claim 18 because the insurance is triggered by the property's real estate market value, not by a loan-default-related event.

Once again for claim 18, the Examiner made no argument or citation to directly demonstrate that *Graff* teaches "a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments triggered by a default-related event involving a loan to a second party" or "determining when the triggering loan-default-related event has occurred," as recited in claim 18. Instead, the Examiner interpreted *Graff* as disclosing these features and rejected claim 18 based on this interpretation as follows "The financial instruments are interpreted to include guarantee certificates also." (OA, page 7.) The Examiner, however, provided no basis in fact, technical reasoning, or support for these interpretations, either from *Graff*, the knowledge of one skilled in the art, or otherwise. Applicants are entitled to know the Examiner's basis. Regardless, however, *Graff* does not disclose all the recited features of claim 18 as just explained, including the features that the Examiner interpreted *Graff* as teaching.

For at least the foregoing reasons, *Graff* fails to disclose each and every element recited in independent claim 18, as amended, and thus claim 18 is allowable over *Graff*.

Moreover, independent claims 24 and 30 recite a system and computer program product, respectively, that include operations similar to those discussed above with respect to claim 18. Accordingly, claims 24 and 30 are allowable over *Graff* for at least the same foregoing reasons. In addition, claims 19-23, 25-29, and 31-35, which depend directly from claims 18, 24, and 30, are also allowable for at least the foregoing reasons.

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Accordingly, Applicants respectfully request the Examiner to withdraw the 35 U.S.C. § 102(e) rejections of claims 18-35.

In view of the foregoing amendments and remarks, Applicant respectfully requests the reconsideration and reexamination of this application and the timely allowance of the pending claims.

Please grant any extensions of time required to enter this response and charge any additional required fees to our Deposit Account No. 06-0916.

Respectfully submitted,

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Dated: January 29, 2003

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APPENDIX A: CLAIMS WITH CHANGES SHOWN

8. (Amended) A method for issuing a guarantee certificate, which is a financial instrument representing an obligation of a first party to make a payment[s] triggered by certain events associated with the payment obligation to a second party, the method comprising the steps of:

pooling, into a reference pool, instruments representing [financial] payment obligations;

identifying and segregating cash flows paid to satisfy the [financial] payment obligations triggered by certain events for the instruments in the reference pool; and

issuing a guarantee certificate[s that] to entitle a holder of the certificate[s] to receive at least one payment from the identified and segregated cash flows [triggered by at least one event].

11. (Amended) A method for issuing a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party, the method comprising the steps of:

pooling securitized loans into a reference pool;

identifying and segregating cash flows associated with the obligation triggered by certain default-related events for each of the securitized loans in the reference pool;

and

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issuing a guarantee certificate that entitles its holder to receive at least one payment from the identified and segregated cash flows [triggered by at least one of the events].

15. (Amended) A method for issuing a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments triggered by certain default-related events involving a loan to a second party, the method comprising the steps of:

pooling loans into a reference pool;

determining a payout formula based on the obligation triggered by certain default-related events involving the loans in [attributable to] the reference pool; and

issuing a guarantee certificate that entitles its holder to receive at least one payment determined by the payout formula [triggered by at least one of the events].

18. (Amended) A method for administering a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments triggered by a[n] default-related event involving a loan [the payment obligation] to a second party, the method comprising the steps of:

determining when the triggering loan-default-related event has occurred;

calculating a payment based on the determined triggering loan-default-related event; and

causing a holder of the guarantee certificate to be paid the calculated payment.

19. (Amended) The method of claim 18, wherein the step of determining when the triggering loan-default-related event has occurred includes:

querying an information source for a current status of the payment obligation;

and

comparing the current status to the triggering loan-default-related event.

20. (Amended) The method of claim 18, wherein the step of determining when the triggering loan-default-related event has occurred includes:

accepting a current status of the payment obligation; and

comparing the current status to the triggering loan-default-related event.

22. (Amended) The method of claim 18, wherein the step of calculating a payment includes:

calculating a payment as an amount determined by formula based on a predetermined loan-default-related event trigger.

23. (Amended) The method of claim 18, wherein the step of causing a holder of the guarantee certificate to be paid includes:

issuing instructions to an agent to pay the calculated payment to a holder of the guarantee certificate.

24. (Amended) A system for administering a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments

triggered by a[n] default-related event involving a loan [the payment obligation] to a second party, the system comprising:

means for calculating a payment when it is determined that the triggering loan-default-related event has occurred; and

means for causing a holder of the guarantee certificate to be paid the calculated payment.

25. (Amended) The system of claim 24, wherein the means for determining when the triggering loan-default-related event has occurred includes:

means for querying an information source for a current status of the payment obligation; and

means for comparing the current status to the triggering loan-default-related event.

26. (Amended) The system of claim 24, wherein the means for determining when the triggering loan-default-related event has occurred includes:

means for receiving a current status of the payment obligation; and

means for comparing the current status to the triggering loan-default-related event.

28. (Amended) The system of claim 24, wherein the means for calculating a payment includes:

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means for calculating a payment as an amount determined by formula based on a predetermined loan-default-related event trigger.

30. (Amended) A computer program product comprising:

a computer usable medium having computer readable code embodied therein for administering a guarantee certificate, which is a financial instrument representing an obligation of a first party to make payments triggered by a[n] default-related event involving a loan [the payment obligation] to a second party, comprising:

computer readable code for determining when the triggering loan-default-related event has occurred;

computer readable code for calculating a payment based on the determined triggering loan-default-related event; and

computer readable code for causing a holder of the guarantee certificate to be paid the calculated payment.

31. (Amended) The computer produce of claim 30 wherein the computer readable code for determining when the triggering loan-default-related event has occurred includes:

computer readable code for querying an information source for a current status of the payment obligation; and

computer readable code for comparing the current status to the triggering loan-default-related event.

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32. (Amended) The computer product of claim 30, wherein the computer readable code for determining when the triggering loan-default-related event has occurred includes:

computer readable code for accepting a current status of the payment obligation;
and

computer readable code for comparing the current status to the triggering loan-default-related event.

34. (Amended) The computer product of claim 30, wherein the computer readable code for calculating a payment includes:

computer readable code for calculating a payment as an amount determined by formula based on a predetermined loan-default-related event trigger.

36. (New) The method for issuing a guarantee certificate of claim 15, wherein the at least one payment comes from funds other than the payments triggered by the certain default-related events involving the loans in the reference pool.

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